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NORTHERN DISTRICT OF CALIFORNIA

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COUNSEL FOR PLAINTIFF

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

MARY DUCHARME, individually and on
behalf of a class of similarly situated
individuals,

Plaintiff,

v.

JOHN C. HEATH ATTORNEY AT LAW,
PLLC, a Utah professional limited liability
company d/b/a LEXINGTON LAW FIRM;
ADAM C. FULLMAN, an individual d/b/a
LEXINGTON LAW FIRM CALIFORNIA, a
registered California Credit Services
Organization,

Defendants.

Case No.

COMPLAINT FOR

CV 10 2763

- (1) Declaratory Judgment, 15 U.S.C. § 1679b(b);
- (2) Credit Repair Organizations Act, 15 U.S.C. § 1679b(b);
- (3) Cal. Bus. & Prof. Code § 17200;
- (4) Breach of Contract;
- (5) Breach of the Implied Covenant of Good Faith and Fair Dealing; and
- (6) California's Consumers Legal Remedies Act, Cal. Civ. Code § 1750 *et seq.*;
- (7) Breach of Fiduciary Duty.

CLASS ACTION

DEMAND FOR JURY TRIAL

FAXED
FIRST LEGAL SUPPORT SERVICES

1 Plaintiff Mary DuCharme ("DuCharme" or "Plaintiff"), for her Class Action Complaint,
 2 alleges as follows upon personal knowledge as to herself and her own acts and experiences, and,
 3 as to all other matters, upon information and belief, based upon, *inter alia*, investigation conducted
 4 by and through her attorneys:

5 Introduction

6 1. Plaintiff's claims herein are based upon Defendants John C. Heath, Attorney at
 7 Law, PLLC (d/b/a Lexington Law Firm) and Adam C. Fullman (d/b/a Lexington Law Firm
 8 California, a subsidiary of Lexington Law Firm) (collectively referred to in the singular as
 9 "Defendant" or "Lexington Law") illegal billing practices related to their credit repair services.

10 2. Lexington Law is a "credit repair organization"¹ comprised of a network of law
 11 firms throughout the country that provide credit repair services by challenging credit disputes on
 12 behalf of consumers under the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.* As a credit
 13 repair organization, Lexington Law is subject to the provisions of the Credit Repair Organizations
 14 Act, 15 U.S.C. § 1679 *et seq.* ("CROA"), which provides in relevant part that "[n]o credit repair
 15 organization may charge or receive any money or other valuable consideration for the
 16 performance of any service which the credit repair organization has agreed to perform for any
 17 consumer before such service is fully performed." 15 U.S.C. § 1679b(b).

18 3. In clear contravention of CROA's proscriptions, Lexington Law charged Plaintiff
 19 and the other members of the Class for credit repair services before it fully performed and/or
 20 completed such services. As a result of Defendant's wrongful acts, Plaintiff and the other
 21 members of the Class suffered damages. Plaintiff brings this action on behalf of herself and the
 22 other members of the putative Class seeking actual damages, equitable remedies, and attorneys'
 23 fees for Defendant's violations of CROA (15 U.S.C. § 1679 *et seq.*), violations of California's
 24 Unfair Competition Law ("UCL") (Cal. Bus. & Prof. Code § 17200 *et seq.*), breach of contract,
 25

26 ¹ Lexington Law uses an "instrumentality of interstate commerce or the mails to sell, provide, or perform (or
 27 represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or
 28 other valuable consideration, for the express or implied purpose of improving any consumer's credit record, credit
 history, or credit rating; or providing advice or assistance to any consumer with regard to any activity or service
 described in clause." 15 U.S.C. 1679(a)(3).

1 breach of the implied covenant of good faith and fair dealing, violations of California's
2 Consumers Legal Remedies Act ("CLRA") (Cal. Civ. Code § 1770 *et seq.*), breach of fiduciary
3 duty, and such other and further relief as the Court deems equitable and just.

4 **Nature of the Claim**

5 4. Defendant, primarily through its website (<http://www.lexingtonlaw.com>) offers
6 credit repair services to consumers nationwide.

7 5. Defendant advertises itself as a "general service consumer advocacy law firm" with
8 the "largest network of credit correction attorneys with 22 attorneys across 16 states (and
9 growing), and is responsible for the employment of 400+ paralegals/agents."

10 6. As represented on Defendant's website, a consumer may retain Defendant for credit
11 repair services for "\$39.95 a month and a one-time \$99.95 first-work fee, all charged only after
12 that work has been completed."

13 7. Prior to retaining Defendant, potential customers are required to provide Defendant
14 with a valid debit or credit card number to ensure payment of its fees, including the "first-work
15 fee."

16 8. Defendant defines "first-work fee" as:

17 The first-work fee is charged 5-6 days after enrolling in our credit correction
18 program. This fee is charged only after all the work has been done to get your first
19 round of credit bureau disputes (and creditor interventions, if applicable) out the
20 door. Like all fees charged by our firm, this fee is charged only after this work has
21 been completed.

22 9. At the time a consumer contracts with Defendant for credit repair service,
23 Defendant provides the consumer with a Retainer Agreement ("Retainer Agreement One") after
24 entry of the consumer's credit card information. (See a representative copy attached hereto as
25 Exhibit A).

26 10. Retainer Agreement One contains, *inter alia*, the following provisions:

27 (1) The Firm does not charge you in advance for any legal services. It
28

1 charges you only after the initial setup, and the work from each month, have been
2 performed.

3 (2) In consideration of the Firm's legal services and low monthly fee,
4 you agree to pay the Firm the first work fee of \$99.95 within five (5) to fifteen (15)
5 days, and [\$39.95, \$59.95 or \$79.95] each subsequent month for work performed
6 the previous month.

7 (3) If we fail to provide the agreed-upon services to you (as outlined by
8 your selected service level) for any given month, you will not be billed for that
9 month, or will be refunded your fees for that month if your payment has already
10 been processed.

11 Implicit in these provisions is Defendant's policy to charge customers before credit repair services
12 were fully performed. Provision (2) requires payment within a fixed window of time (five to
13 fifteen days), without taking into account whether services are complete. Likewise, Provision (3)
14 implicates a billing practice where consumers are charged on a monthly basis without reference to
15 actual work done. That a customer "will be refunded [] fees for that month if [] payment has
16 already been processed," when Defendant has failed to provide the agreed upon services, indicates
17 that Defendant's billing practice is not related to its monthly performance of credit repair services,
18 nor contingent upon actual completion of promised work. Defendant's monthly billing practices
19 thereby violate CROA.

20 Parties

21 11. **Plaintiff Mary DuCharme:** Mary DuCharme is a resident of Cloverdale,
22 California. In or around February 9, 2009, Plaintiff requested credit repair services from
23 Defendant, and was charged a \$99.95 initiation fee and a fixed monthly fee of \$79.95 by
24 Defendant.

25 12. **Defendant John C. Heath Attorney at Law PLLC d/b/a Lexington Law Firm:**
26 John C. Heath is the principal of John C. Heath Attorney at Law PLLC and Directing Attorney of
27 Lexington Law Firm. Lexington Law Firm is registered with the Utah Secretary of State as a
28

13. **Defendant Adam C. Fullman d/b/a Lexington Law Firm California:** Adam C. Fullman is the owner and Directing Attorney of Lexington Law Firm California, a registered California Credit Services Organization located at 11580 Trask Avenue, Garden Grove, California 92843.

14. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 (d), because (a) at least one member of the putative class is a citizen of a state different from Defendants, (b) the amount in controversy exceeds \$5,000,000, exclusive of interest and costs, and (c) none of the exceptions under that subsection apply to this action. This Court further has subject matter jurisdiction under 28 U.S.C. § 1331 as this action arises in part under the Credit Repair Organizations Act, 15 U.S.C. § 1679, *et seq.* This Court has supplemental jurisdiction over the pendent state law claims under 28 U.S.C. § 1367.

15. Venue is also proper before this Court under 28 U.S.C. §1391(b)(2) as a substantial part of the events, circumstances, and omissions giving rise to these claims occurred in this District.

16. In or around February 9, 2009, Defendant and Plaintiff entered into a contract whereby Defendant agreed to provide credit repair services in exchange for Plaintiff's payment of fees.

5

1 www.lexingtonlaw.com. After clicking a "Sign Up" button, Defendant asked Plaintiff to enter a
2 variety of information including her name, address, phone number and e-mail address.

3 18. Following entry of her personal information, Defendant prompted Plaintiff to select
4 a "service level." The options were the "Lexington Regular" (\$39.95 per month), "Concord
5 Regular" (\$59.95 per month), or "Concord Premier"(\$79.95 per month).

6 19. Plaintiff selected the "Concord Premier" service level.

7 20. In addition to the service level fees, Defendant notified Plaintiff that she would be
8 charged a "first work fee" of \$99.95. "[T]he first-work fee is charged after all work is done to get
9 your first round of bureau disputes (and creditor interventions, if applicable) out the door. Clients
10 are also given access to our online credit education library." According to Defendant, the "first-
11 work fee" is "[c]harged in 5-6 days."

12 21. Below the service level selection box was an option to "QuickStart My Case" for
13 \$9.99, which is represented by Defendant as "[t]he quickest and easiest way to get your case
14 started, choose this option to have your TransUnion® credit report loaded automatically into our
15 system." According to Defendant, the QuickStart fee is charged immediately. The QuickStart
16 option was automatically selected when the webpage loaded, and Plaintiff was required to uncheck
17 the option box in order to avoid being charged.

18 22. After selecting her service level, Defendant presented Plaintiff with a credit card
19 payment page, which totaled the applicable fees. This page indicated that the "First-work fee"
20 would be "[d]ue in 6 days." Plaintiff entered and submitted valid credit card information.

21 23. At the time Plaintiff contracted with Defendant for its credit repair services,
22 Plaintiff paid Defendant \$99.95 as an initiation or "first-work fee" using the credit card she
23 submitted to Defendant's website, and further agreed to pay Defendant \$79.95 each month for the
24 duration of the contract.

25 24. On information and belief, at the time Plaintiff contracted with Defendant,
26 Defendant provided Plaintiff with an electronic copy of Retainer Agreement One through its
27 website. (See Ex. A). Retainer Agreement One contained approximately 1,770 words.

25. On or around April 1, 2009—two months after activating her account—Plaintiff received another retainer agreement from Defendant via e-mail under the subject heading “Lexington Law Renewed Retainer Agreement” (“Retainer Agreement Two”). (See Exhibit B, a true and correct copy of Retainer Agreement Two). Retainer Agreement Two contained approximately 7,200 words, including several sections, provisions, and clauses not present in Retainer Agreement One.

26. On or around April 3, 2009, Plaintiff received a third retainer agreement from Defendant via e-mail under the subject heading “Current Retainer.” (See Exhibit C, a true and correct copy of Retainer Agreement Three). Retainer Agreement Three contained approximately 7,100 words, including several sections, provisions, and clauses not present in the Initial Retainer Agreement.

Class Certification Allegations

27. Plaintiff seeks certification of a Class under Federal Rule of Civil Procedure 23(b)(2) and 23(b)(3).

28. Definition of the Class: Plaintiff brings this Class Action Complaint on behalf of a Class of all persons nationwide who contracted with Defendant for its credit repair services and were charged fees prior to Defendant fully performing such credit repair services.

The Class definition excludes: (i) any Judge or Magistrate presiding over this action and members of their families; (ii) Defendant, Defendant’s subsidiaries, parents, successors, predecessors, and any entity in which Defendant or its parents have a controlling interest and their current or former employees, officers and directors; (iii) persons who properly execute and file a timely request for exclusion from the Class; and (iv) the legal representatives, successors or assigns of any such excluded persons.

29. Numerosity: The exact number of Class members is unknown, but on information and belief, Defendant has contracted with thousands of Class members throughout the nation, making joinder of each individual member impracticable. Ultimately, Class members will be easily identified through Defendant’s records.

1 30. **Commonality:** Common questions of law and fact exist as to all members of the
2 Class , which predominate over any questions affecting only individual members.

3 These common questions include:

- 4 (a) Whether Defendant charged members of the Class before the completion of credit
5 repair services;
- 6 (b) Whether Defendant's timing of charging clients violated CROA;
- 7 (c) Whether Defendant's charging of clients breached Defendant's credit
8 repair contract;
- 9 (d) Whether Defendant's charging of clients and retainer agreement substitution
10 violated the UCL;
- 11 (e) Whether Defendant's charging of clients and retainer agreement substitution were
12 unfair;
- 13 (f) Whether Defendant's billing practices were deceptive;
- 14 (g) Whether Plaintiff and other members of the Class are entitled to relief, and the
15 nature of such relief;
- 16 (h) Whether Defendant breached fiduciary duties to Plaintiff and the other members of
17 the Class.

18 31. **Typicality:** Plaintiff's claims are typical of the claims of the other members of the
19 Class. Plaintiff and the Class sustained damages as a result of the Defendant's uniform wrongful
20 during transactions with Plaintiff and the public.

21 32. **Adequate Representation:** Plaintiff will fairly and adequately represent and
22 protect the interests of the Class, and has retained counsel competent and experienced in complex
23 class actions. Plaintiff has no interests antagonistic to those of the Class, and Defendant has no
24 defenses unique to Plaintiff.

25 33. **Predominance and Superiority:** This class action is appropriate for certification
26 because class proceedings are superior to all other available methods for the fair and efficient
27 adjudication of this controversy and joinder of all members is impracticable. The damages
28

1 suffered by the individual members of the Class will likely be small relative to the burden and
2 expense of individual prosecution of the complex litigation necessitated by Defendant's wrongful
3 conduct. Thus, it would be virtually impossible for the individual members of the Class to obtain
4 effective relief from the misconduct of Defendant. Even if members of the Class themselves
5 could sustain such individual litigation, it would not be preferable to a class action because
6 individual litigation would increase the delay and expense to all parties due to the complex legal
7 and factual controversies presented in this Complaint. By contrast, a class action presents far
8 fewer management difficulties and provides the benefits of single adjudication, economy of scale,
9 and comprehensive supervision by a single Court. Economies of time, effort, and expense will be
10 fostered and uniformity of decisions will be ensured.

11 **34. Policies Generally Applicable to the Class:** This class action is also appropriate
12 for certification because Defendant has acted or refused to act on grounds generally applicable to
13 the Class, thereby requiring the Court's imposition of uniform relief to ensure compatible
14 standards of conduct toward the members of the Class, and making final injunctive relief or
15 corresponding declaratory relief appropriate with respect to the Class as a whole. Defendant's
16 policies challenged herein apply and affect members of the Class uniformly, and Plaintiff's
17 challenge of these policies hinges on Defendant's conduct with respect to the Class as a whole, not
18 on facts or law applicable only to Plaintiff.

19 **Count I: Declaratory Relief under CROA**
20 **(On behalf of Plaintiff and the Class)**

21 35. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

22 36. CROA provides that Defendant, as a credit repair organization, may not "charge or
23 receive any money or other valuable consideration for the performance of any service which the
24 credit repair organization has agreed to perform for any consumer before such service is fully
25 performed." 15 U.S.C. § 1679b(b).

26 37. Defendant charged Plaintiff and the Class a first-work fee within five to six days of
27 contracting for credit repair services, irrespective of when it fully performed the agreed upon
28 credit repair services.

1 38. Defendant charged Plaintiff and the Class recurring monthly fees after contracting
2 with them for its credit repair services, irrespective of when it fully performed the agreed upon
3 credit repair services.

4 39. Plaintiff and the Class have been harmed by Defendant's misconduct and charging
5 of fees before providing them with full performance of the agreed upon credit repair services. The
6 Class and Defendant have adverse legal interests, and there is a substantial controversy between
7 the Class and Defendant of sufficient immediacy and reality to warrant the issuance of a
8 declaratory judgment as to whether Defendant's billing practices violate 15 U.S.C. § 1679b(b).

9 40. Plaintiff, on her own behalf and behalf of the other members of the Class, seeks a
10 judgment under 28 U.S.C. § 2201 declaring that Defendant's billing practices violate 15 U.S.C. §
11 1679b(b).

12 **Count II: Violation of CROA, 15 U.S.C. §1679b(b)**
13 **(On behalf of Plaintiff and the Class)**

14 41. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

15 42. At the outset of service with Defendant, Defendant required Plaintiff and the other
16 members of the Class to submit a valid debit or credit card number for billing purposes and to
17 choose a monthly plan "service level" (presently either \$39.95, \$59.95, or \$79.95).

18 43. Defendant charged Plaintiff and the other members of the Class an initial "first-
19 work fee" (presently advertised at \$99.95) within approximately five or six days of contracting for
20 credit repair services, irrespective of whether the purchased credit repair services had actually
21 been performed.

22 44. Defendant thereafter charged Plaintiff and the other members of the Class recurring
23 monthly fees based on the "service level" chosen at sign-up, irrespective of whether the purchased
24 credit repair services had actually been performed.

25 45. By charging Plaintiff and the other members of the Class before fully performing
26 the agreed-upon credit repair services, Defendant violated CROA, 15 U.S.C. § 1679b(b).

27 46. As a result of Defendant's violations of CROA, Plaintiff and other Class members
28 suffered monetary damages.

1 47. Plaintiff, on her own behalf and on behalf of the Class, seeks actual damages under
 2 15 U.S.C. § 1679g(a)(1), punitive damages under 15 U.S.C. § 1679g(a)(2)(B), and costs of the
 3 action, together with reasonable attorneys' fees under 15 U.S.C. § 1679g(a)(3).

4 **Count III: Violation of California's UCL, Cal. Bus. & Prof. Code § 17200**
 5 **(On behalf of Plaintiff and the Class)**

6 48. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

7 49. California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.*,
 8 protects both consumers and competitors by promoting fair competition in commercial markets for
 9 goods and services. The UCL prohibits any unlawful, unfair or fraudulent business act or practice.

10 50. As described herein, Defendant's representations regarding the timing of charges to
 11 Plaintiff and the Class for its credit repair services were deceptive and untrue and constitute an
 12 unlawful business practice in violation of the UCL.

13 51. Defendant's continued utilization of the unlawful and unconscionable marketing
 14 practices described herein, and its practice of charging the Class and other consumers' credit cards
 15 before completing the agreed upon credit repair services, constitutes an unlawful business practice
 16 in violation of the UCL.

17 52. By creating and supporting advertising and website content that fails to clearly and
 18 conspicuously disclose when and why Plaintiff or the Class would actually be charged, and
 19 inducing Plaintiff and the Class to provide payment information based upon such
 20 misrepresentations, Defendant has engaged in deceptive trade practices in violation of the UCL.

21 53. When Plaintiff and the Class would be charged for Defendant's credit repair
 22 services was a material term of the transactions between Plaintiff and the Class on the one hand,
 23 and Defendant on the other, because it was likely to affect Plaintiff and the other Class members'
 24 choice of, or conduct regarding, whether to purchase a Defendant's services. Defendant's
 25 deception regarding when Plaintiff and the Class would be charged for its credit repair services
 26 was materially misleading, was and is likely to mislead a reasonable consumer acting reasonably
 27 under the circumstances.
 28

54. Defendant has violated the “unfair” prong of the UCL in that their actions caused substantial injury to consumers, the injury caused by their conduct is not outweighed by any countervailing benefits to consumers or competition, and the injury is one that consumers themselves could not reasonably have avoided.

55. Defendant has violated the “fraudulent” prong of the UCL in that Defendant’s statements regarding when consumers would be charged for credit repair service were false and likely to deceive a reasonable consumer. Further, Defendant’s statements regarding compliance with CROA were false and likely to deceive a reasonable consumer.

56. Defendant has violated the “unlawful” prong of the UCL in that Defendant’s conduct violated the Credit Repair Organizations Act (15 U.S.C. 1679 *et seq.*).

57. As a result of Defendant’s wrongful conduct in violation of the UCL, Plaintiff and the Class have suffered monetary damages.

58. Plaintiff, on behalf of herself and the Class, respectfully requests that the Court issue an order (i) pursuant to Cal. Bus. & Prof. Code § 17203, enjoining Defendant from continuing to engage in unfair and unlawful conduct alleged herein; (ii) requiring Defendant to make full restitution of all funds wrongfully obtained by its misconduct alleged herein; and (iii) awarding Plaintiff and the Class interest, attorneys’ fees, and reasonable costs under Cal. Code Civ. Proc. § 1021.5.

**Count IV: Breach of Contract
(On behalf of Plaintiff and the Class)**

59. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

60. Plaintiff and the Class contracted with Defendant for Defendant to provide them its credit repair services. The terms of the Retainer Agreement One agreed to by Plaintiff and the Class on the one hand, and Defendant on the other, constitute a valid and enforceable contract.

61. Defendant required Plaintiff and the Class to choose a monthly plan “service level” (presently either \$39.95, \$59.95, or \$79.95), and to enter a valid debit or credit card number for billing purposes.

62. Defendant also required Plaintiff and the Class to agree to pay a “first-work fee”

1 (presently \$99.95), to be charged approximately five or six days after the purpose of Defendant's
2 credit repair services.

3 63. Defendant's Retainer Agreement One provides: "The Firm does not charge you in
4 advance or any legal services. It charges you the setup/first work fee only after that work has been
5 accomplished[, and] ... [i]t then charges you for each month's work only after that work has been
6 performed." (Ex. A).

7 64. Plaintiff and the other Class members fully performed under the Retainer
8 Agreement One with Defendant by making payments due to Defendant.

9 65. The specific time and conditions under which Plaintiff and the Class would be
10 charged "first-work" and monthly fees were material terms of the Retainer Agreement One.
11 Defendant materially breached the terms of the Retainer Agreement One by charging Plaintiff and
12 the other Class members before fully performing the agreed-upon credit repair services.

13 66. As a result of Defendant charging them before fully performing the agreed-upon
14 credit repair services, Plaintiff and the Class have suffered monetary damages.

15 67. Plaintiff, on her own behalf and behalf of the Class, seeks actual damages for
16 Defendant's breach of the Retainer Agreement One, as well as pre- and post-judgment interest,
17 attorneys' fees, reasonable costs, and such other and further relief as the Court deems equitable
18 and just.

19 **Count V: Breach of the Implied Covenant of Good Faith and Fair Dealing**
20 **(On behalf of Plaintiff and the Class)**

21 68. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

22 69. Plaintiff and the other Class members contracted with Defendant for credit repair
23 services. The terms of the Retainer Agreement One agreed to by Plaintiff and the Class on the one
24 hand, and Defendant on the other, constitute a valid and enforceable contract.

25 70. The Retainer Agreement One contains the following provision: "The Firm does
26 not charge you in advance or any legal services. It charges you the setup/first work fee only after
27 that work has been accomplished[, and] ... [i]t then charges you for each month's work only after
28 that work has been performed." (Ex. A).

71. Implied in the terms of the Retainer Agreement One was a covenant of good faith and fair dealing. This implied covenant prevents Defendant from engaging in conduct that frustrates the Class's rights to the benefits of the contract or that would injure the right of the Class members to receive the benefits of the Retainer Agreement One.

72. The specific time and conditions under which the Class members would be charged a "first-work" or monthly fee was a material term of the Retainer Agreement One. Defendant breached the implied covenant of good faith and fair dealing by charging Plaintiff and Class members "first-work" and/or monthly fees before fully performing the agreed upon credit repair services.

73. As a result of Defendant's breach of the implied covenant of good faith and fair dealing described herein, Plaintiff and the Class suffered damages.

74. Plaintiff, on her own behalf and behalf of the Class, seeks damages for Defendant's breach of the implied covenant of good faith and fair dealing, as well as pre- and post-judgment interest, attorneys' fees, reasonable costs, and such other and further relief as the Court deems equitable and just.

Count VI: Violation of California's CLRA, Cal. Civ. Code § 1750 *et seq.*
(On behalf of Plaintiff and the Class)

75. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

76. The credit repair services that are the subject of this complaint are services for other than a commercial or business use, as described in Cal. Civ. Code 1761(b). The credit repair services offered by Defendant are used for personal, family, or household purposes, and its credit repair customers and/or clients are consumers under the definition in Cal. Civ. Code § 1761(d). Plaintiff and the other Class members use and/or used Defendant's credit repair services for personal, family, or household purposes, and they are consumers under the definition of Cal. Civ. Code § 1761(d).

77. By "promis[ing] only to perform the steps [it has] agreed to in each client's case and to charge each month only for steps already completed[.]" while, in reality, charging Plaintiff and the other Class members "first-work" and monthly fees regardless of services performed,

1 Defendant misrepresented the characteristics of its credit repair services to consumers, in violation
2 of Cal. Civ. Code § 1770(a)(5).

3 78. By representing throughout its relationship with Plaintiff and the members of the
4 Class that it had completed its credit repair services before charging the “first-work” or monthly
5 fees when it had not, Defendant represented that the subject of a transaction had been supplied in
6 accordance with a previous representation when it had not, constituting unfair and/or deceptive
7 acts or practices in violation of Cal. Civ. Code § 1770(a)(16).

8 79. Collectively, these CLRA violations have damaged Plaintiff and the other Class
9 members by causing them to be charged for services, whether those services had in fact been
10 performed or not, as well as compelling them to continue being charged for services .

11 80. Plaintiff, on her own behalf and on behalf of the other members of the Class, seeks
12 an order enjoining Defendant’s CLRA violations alleged herein, restitution of property gained by
13 the CLRA violations, and court costs and attorney’s fees under the CLRA, Cal. Civ. Code §
14 1780(d).

15 **Count VII: Breach of Fiduciary Duty**

16 **(On behalf of Plaintiff and the Class)**

17 81. Plaintiff incorporates the foregoing allegations as if fully set forth herein.

18 82. Lexington Law is a law firm and/or legal service organization composed of a
19 network of attorneys and support staff that provide “a full range of legal services that extend far
20 beyond helping clients exercise their consumer credit rights.”²

21 83. In contracting and agreeing to provide credit repair and other legal services to
22 Plaintiff and the Class, an attorney-client and fiduciary relationship was formed between
23 Defendant, on the one side, and Plaintiff and the members of the Class, on the other.

24 84. By charging Plaintiff and the Class “first-work” and monthly fees, regardless of
25 whether the particular work had been performed and in direct contradiction of its own express
26 promises not to do so, Defendant breached its fiduciary duty to Plaintiff and the Class.

27 ² Lexington Law – Our Legal Services, [http://www.lexingtonlaw.com/about-lexington-](http://www.lexingtonlaw.com/about-lexington-law/our-legal-services.html)
28 [law/our-legal-services.html](http://www.lexingtonlaw.com/about-lexington-law/our-legal-services.html) (last visited June 20, 2010).

1 85. By unilaterally and deceptively updating the terms of its retainer agreements with
 2 Plaintiff and the Class as a benefit itself, Defendant breached its fiduciary duty to Plaintiff and the
 3 Class.

4 86. As a direct and proximate result of Defendant's breach of fiduciary duty, Plaintiff
 5 and the other members of the Class suffered damages in an amount sought and to be determined at
 6 trial.

7 WHEREFORE, Plaintiff Mary DuCharme, on her own behalf and on behalf of the Class,
 8 prays that the Court enter an order and judgment in their favor and against Defendant as follows:

- 9 (a) Certifying this action as a class action and designating Plaintiff as Class
 10 Representative and her attorneys as Class Counsel for the Class;
- 11 (b) Awarding actual damages to the Class under 15 U.S.C. § 1679g(a)(1) for Count II
 12 in an amount to be proven at trial;
- 13 (c) Awarding punitive damages to the Class under 15 U.S.C. § 1679g(a)(2)(B) for
 14 Count II in an amount to be proven at trial;
- 15 (d) Awarding actual damages to the Class for Counts IV and V in an amount to be
 16 proven at trial;
- 17 (e) Granting equitable and injunctive relief to the Class, including restitution of
 18 property gained by Defendant through its deceptive business practices alleged
 19 herein, and an order for accounting of such property;
- 20 (f) Awarding Plaintiff and the Class reasonable costs and attorneys' fees under 15
 21 U.S.C. § 1679g(a)(3) and/or Cal. Civ. Code § 1780(d);
- 22 (g) Awarding pre- and post-judgment interest; and
- 23 (h) Granting such other and further relief as the Court deems equitable and just.

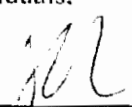
DEMAND FOR JURY TRIAL

Plaintiff requests trial by jury of all matters that can be so tried.

Respectfully submitted,

Dated: June 23, 2010

MARY DUCHARME, individually and on behalf of
a class of similarly situated individuals.

By: /s/ Sean P. Reis 
Sean P. Reis
One of Plaintiff's Attorneys

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EXHIBIT A

LEXINGTON LAW CONTRACT

RETAINER AGREEMENT & LIMITED DESIGNATION OF AGENCY

Lexington Law Firm ("Lexington") or its Affiliate Counsel or both (collectively referred to as "Firm") will use federal law in the attempt to correct errors and other misleading information found in your credit reports through its Case Valet service. Under its expanded services, when the Firm deems it advisable, it will send non-dispute goodwill interventions or account information requests to furnishers of information ("furnishers") to your credit file. In addition, under its Concord Premier level of service the Firm will provide certain credit score improvement analyses in an attempt to educate and assist a client regarding personal credit score improvement. When the Firm receives legible copies of credit reports from you, it will draft, sign, and send letters to the three major credit bureaus, or to the furnishers, on your behalf and in your name. The expanded services interventions do not involve contesting facts. This Agreement does not include litigation services. The Firm cannot guarantee a specific outcome or accurately predict how long the process will take. This process may take more or less than twelve months, but you may cancel this Agreement at any time. The Firm does not charge you in advance for any legal services. It charges you only after the initial setup, and the work from each month, have been performed. Your Affiliate Counsel is Roy D. Kessell, Lexington Law Illinois, Of Counsel to Lexington Law Firm. Mr. Kessell is an independent lawyer working with Lexington in an Of-Counsel capacity and, together with Lexington, is a party to this agreement.

The principal business address of Lexington Law Firm is 360 North Cutler, Bldg. A, North Salt Lake, Utah 840541. Mr. Kessell's physical address is 3255 N. Arlington Heights Road, Suite 510, Arlington Heights, Illinois 60004.

In consideration of the Firm's legal services and low monthly fee, you agree:

A. To use the Firm's online Case Valet service to notify the Firm of facts and claims related to your case.

B. To pay the Firm the first work fee of \$99.95 within five (5) to fifteen (15) days, and \$79.95 each subsequent month for work performed the previous month. (You pay only the fixed monthly fee identified in this agreement even though our attorneys' and paralegals' standard billing rates range from \$50 to \$250 per hour.) You grant the Firm permission to (i) withdraw the earned funds from your credit card or bank account unless you terminate this Agreement and (ii) verify your account information. You will be charged a fee (i) if your payment for Lexington Law Firm services is not honored upon first presentment by the Firm to your credit card company or bank and (ii) if you change your billing date. Information about the terms and amount of the late fee is located at www.lexingtonlaw.com/late-fee. The fees noted here may change over time, but you will not be charged the increased fee(s) until sixty (60) days after Lexington has sent to your then-current e-mail address a notice of the increase. Should you decide that you no longer wish to receive the Firm's legal services, you may cancel this Retainer Agreement by telephone.

C. The Firm's services are provided on a month-to-month basis. You are charged only for services rendered during the previous month. You understand and agree that you are billed by the Firm for services rendered on your behalf, not for a specific case outcome.

D. To allow Lexington to receive and review credit reports furnished by third parties and to mail legible copies of your credit reports to us at least every ninety (90) days, promptly forward to us copies of all correspondence that you receive from the credit bureaus, furnishers or others as the result of the Firm's efforts on your behalf, and promptly inform the Firm of any change of address.

E. To only communicate with the credit bureaus through the Firm's written correspondence while this Retainer Agreement is in effect.

F. That you sought out Lexington, a law firm located in the State of Utah, and Roy D. Kessell, Lexington Law Illinois, located in Arlington Heights, Illinois, to perform the legal services identified here, and that the services may be performed by Lexington, or by Affiliate Counsel, or by any attorney or legal assistant working under the supervision of an attorney associated with Lexington or with Affiliate Counsel.

The Firm's service is backed by a refund policy. If we fail to provide the agreed-upon services to you (as outlined by your selected service level) for any given month, you will not be billed for that month, or will be refunded your fees for that month if your payment has already been processed.

This Agreement is governed and enforced by and construed in accordance with the laws of the State of Utah, or if Affiliate Counsel is involved, the laws of Illinois.

To the maximum extent allowed by law: Any claim arising out of or relating to the Firm's services shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association on an individual basis and not consolidated with any other claim. The arbitration shall be initiated and conducted only in Salt Lake City, Utah, or if Affiliate Counsel is involved, then only in Arlington Heights, Illinois.

If the arbitration clause above is held not to be enforceable by any court, then to that extent, any legal or equitable action concerning this Agreement that (i) involves only Lexington shall be initiated only in the state or federal courts in Salt Lake County, Utah and both parties agree to submit to the exclusive personal jurisdiction of those courts, (ii) involves Affiliate Counsel, if any (with or without Lexington), shall be initiated only in the state courts in Cook County, Illinois or, if federal jurisdiction is proper, in the United States District Court for Northern District of Illinois, located in Chicago, Illinois; and (iii) both parties agree to submit to the exclusive personal jurisdiction of those courts.

If you would like further definition of the terms in this Agreement, please ask your paralegal or refer to the Firm's website.

ELECTRONIC SIGNATURE, LIMITED DESIGNATION OF AGENCY

This is a Limited Designation of Agency, granting permission to the Firm to do business with you electronically and to sign letters on your behalf and in your name. You may cancel your permission and close your case at any time, by contacting the Firm. Please print a copy of this Agreement for your records.

RIGHT OF CANCELLATION

YOU, THE BUYER, MAY CANCEL THIS CONTRACT AT ANY TIME PRIOR TO MIDNIGHT OF THE FIFTH BUSINESS DAY AFTER THE DATE OF THE TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT.

DISCLOSURE STATEMENT

CONSUMER CREDIT FILE RIGHTS UNDER STATE AND FEDERAL LAW

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any credit repair company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within five days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

The Public Reference Branch
Federal Trade Commission
Washington, D.C. 20580

NOTICE OF CANCELLATION

The Firm allows you to cancel this Agreement at any time without penalty or refund, and with no future obligation. Federal law requires that you be given two Notices of Cancellation:

NOTICE OF CANCELLATION

YOU MAY CANCEL THIS CONTRACT, WITHOUT ANY PENALTY OR OBLIGATION, AT ANY TIME BEFORE MIDNIGHT OF 05/16/2009. IF YOU CANCEL, ANY PAYMENT MADE BY YOU UNDER THIS CONTRACT WILL BE RETURNED WITHIN 10 DAYS FOLLOWING RECEIPT BY US OF YOUR CANCELLATION NOTICE.

TO CANCEL THIS CONTRACT, MAIL OR DELIVER A SIGNED, DATED COPY OF THIS CANCELLATION NOTICE, OR ANY OTHER WRITTEN NOTICE TO ROY D. KESSEL, LEXINGTON LAW ILLINOIS, PO BOX 358, 309 EAST RAND ROAD, ARLINGTON HEIGHTS, ILLINOIS 60004.

I hereby elect to cancel this contract.

Signature

NOTICE OF CANCELLATION

YOU MAY CANCEL THIS CONTRACT, WITHOUT ANY PENALTY OR OBLIGATION, AT ANY TIME BEFORE MIDNIGHT OF 05/16/2009. IF YOU CANCEL, ANY PAYMENT MADE BY YOU UNDER THIS CONTRACT WILL BE RETURNED WITHIN 10 DAYS FOLLOWING RECEIPT BY US OF YOUR CANCELLATION NOTICE.

TO CANCEL THIS CONTRACT, MAIL OR DELIVER A SIGNED, DATED COPY OF THIS CANCELLATION NOTICE, OR ANY OTHER WRITTEN NOTICE TO ROY D. KESSEL, LEXINGTON LAW ILLINOIS, PO BOX 358, 309 EAST RAND ROAD, ARLINGTON HEIGHTS, ILLINOIS 60004.

I hereby elect to cancel this contract.

Signature

EXHIBIT B

----- Forwarded Message -----

Subject: Lexington Law Renewed Retainer AgreementEmail not displaying correctly? [View it in your web browser](#)

Lexington Law Firm - California, your trusted leader in credit report repair.

Additional Services
[Identity Protect](#)**Additional Information**
[Upload your reports](#)
[Case Valet](#)
[Protecting your identity](#)

Attached are legal disclosures regarding your renewed retainer agreement with Lexington Law Firm California. -----

----- LEXINGTON LAW CA - LEXINGTON RETAINER AGREEMENT AND LIMITED DESIGNATION OF AGENCY Lexington Law Firm California a d/b/a of Adam C. Fullman, Attorney at Law, ("Firm"), will use federal law in the attempt to correct errors and other misleading information found in your credit reports through its Case Valet service. Under its expanded services, when the Firm deems it advisable, it will send non-dispute goodwill interventions or account information requests to furnishers of information ("furnishers") to your credit file. In addition, under its Concord Premier level of service the Firm will provide certain credit score improvement analyses in an attempt to educate and assist a client regarding personal credit score improvement. When the Firm receives legible copies of credit reports from you, it will draft, sign, and send letters to the three major credit bureaus, or to the furnishers, on your behalf and in your name. The expanded services interventions do not involve contesting facts. This Agreement does not include litigation services. The Firm cannot guarantee a specific outcome or accurately predict how long the process will take. This process may take more or less than twelve months, but you may cancel this Agreement at any time. The Firm does not charge you in advance for any legal services. It charges you only after the initial setup, and the work from each month, have been performed. Non-Profit Credit Counseling Services. Buyer has the right to hire a non-profit credit counseling service. The California Department of Consumer Affairs sponsors a non-profit consumer credit counseling service with offices throughout the State of California. To learn more about this service and to find offices near you, visit the Department's website at www.dca.ca.gov. You may cancel the Agreement by telephone within five days of signing up at no charge and at any time after that. The Firm does not charge you in advance for any legal services. It charges you the setup/first work fee only after that work has been accomplished. It then charges you for each month's work only after that work has been performed. In consideration of the Firm's legal services and low monthly fee, you agree: A. To use the Firm and its online Case Valet service to notify the Firm of facts and claims related to your case. B. To pay the Firm the setup/first work fee of \$99.95 within five (5) to fifteen (15) days, and \$79.95 each subsequent month for work performed the previous month. (You pay only the fixed monthly fee identified in this agreement even though our attorneys' and paralegals' standard billing rates range from \$50 to \$250 per hour.) You grant the Firm permission to (i) withdraw the earned funds from your credit card or bank account unless you terminate this Agreement and (ii) verify your account information. You will be charged a fee (i) if your payment for Lexington Law Firm services is not honored upon first presentment by the Firm to your credit card company or bank and (ii) if you change your billing date. Information about the terms and amount of the late fee, which is currently set at \$19.95, is located at www.lexingtonlaw.com/late-fee. The fees noted here may change over time, but you will not be charged the increased fee(s) until sixty (60) days after Lexington has sent to your then-current e-mail address a notice of the increase. Should you decide that you no longer wish to receive the Firm's legal services, you may cancel this Retainer Agreement by telephone. C. The Firm's services are provided on a month-to-month basis. You are charged only for services rendered during the previous month. You understand and agree that you are billed by the Firm for services rendered on your behalf, not for a specific case outcome. D. To allow the Firm to receive and review credit reports furnished by third parties and to mail legible copies of your credit reports to the Firm at least every ninety (90) days, promptly forward to us copies of all correspondence that you receive from the credit bureaus, furnishers or others as the result of the Firm's efforts on your behalf, and promptly inform the Firm of any change of address. E. To only communicate with the credit bureaus through the Firm's written correspondence. F. That you intentionally sought out the Firm, which is based in the State of California, to perform the legal services identified here, and that the services may be performed by any attorney or other law firm associated

with the Firm or legal assistant working under the supervision of an attorney associated with the Firm. G. That you authorize the Firm to discuss your case with your spouse, if you have a spouse. Setup/First Work Fee. Six days after signing this Retainer Agreement and prior to payment of the \$99.95setup/first work fee, you will receive an e-mail granting you access to Lexington's extensive library of educational materials and resources on credit management and credit repair issues. The Firm's service is backed by a refund policy. If we fail to provide the agreed-upon services to you (as outlined by your selected service level) for any given month, you will not be billed for that month, or will be refunded your fees for that month if your payment has already been processed. The Agreement is deemed to have been executed and performed exclusively in the State of California. California law governs the application and enforcement of the Agreement. Six (6) Month Contract Term. As required by California statute, this Agreement will expire under its own terms in six (6) months. Prior to the expiration of this Agreement, you may renew this Agreement after it expires but you are under no obligation to renew this Agreement. Business address and Agent for Service of Process. The Firm's business address is Lexington Law Firm California, a d/b/a of Adam C. Fullman, attorney at law, 11580 Trask Avenue, Garden Grove, California 92843. The Firm's agent for service of process is Adam C. Fullman, who can be served at the above address. If you would like further definition of the terms in this Agreement, please ask your paralegal or refer to the Firm's website. ----- ELECTRONIC SIGNATURE, LIMITED DESIGNATION OF AGENCY This is a Limited Designation of Agency, granting permission to the Firm to do business with you electronically and to sign letters on your behalf and in your name. You may cancel your permission and close your case at any time, by contacting the Firm. Please print a copy of this Agreement for your records. ----- RIGHT OF CANCELLATION You, the buyer, may cancel this contract at any time prior to midnight of the 5th day after the date of the transaction. See the Notice of Cancellation at the end of this document. -----

----- INFORMATION STATEMENT Although you have the right to discharge the Firm at any time, if you remain a client for the six month term of this agreement, the monthly payments at the end of six months will total \$579.65. CONSUMER CREDIT FILE RIGHTS UNDER CALIFORNIA LAW You have a right to obtain a copy of your credit file from a consumer credit reporting agency. You may be charged a reasonable fee not exceeding eight dollars (\$8). There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The consumer credit reporting agency must provide someone to help you interpret the information in your credit file. You have a right to dispute inaccurate information by contacting the consumer credit reporting agency directly. However, neither you nor any credit repair company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit report. Under the Federal Fair Credit Reporting Act, the consumer credit reporting agency must remove accurate, negative information from your credit only if it is over seven years old. Bankruptcy information can be reported for 10 years. If you have notified a credit reporting agency in writing that you dispute the accuracy of information in your credit file, the consumer credit reporting agency must then reinvestigate and modify or remove inaccurate information. The consumer credit reporting agency may not charge a fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the consumer credit reporting agency. If reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the consumer credit reporting agency to keep in your file, explaining why you think the record is inaccurate. The consumer credit reporting agency must include your statement about disputed information in any report it issues about you. You have a right to cancel the contract for any reason within five working days from the date you signed it. If for any reason you do cancel the contract during this time, you do not owe any money. You have a right to sue a credit services organization if it misleads you. Bond. The buyer may proceed against the Firm's \$100,000 bond filed with the California Secretary of State's office in favor of the State of California for the benefit of any person who is damaged by any violation by Firm of California's Credit Services Organization Statute, Cal Civ. Code ?? 1789.10 to .26. Any person claiming against the bond for a violation of this title may maintain an action at law against the Firm and against the bond. The bond is Bond No. 04BSBES2865 and the surety is Hartford Fire Insurance Company, PO Box 958461, Lake Mary, Florida 32795. Pursuant to California law, the surety is liable only for actual damages and not the punitive damages permitted under Cal. Civ. Code ? 1789.21. The aggregate liability of the surety to all persons damaged by a credit services organization's violation of this title shall in no event exceed the amount of the bond. The bond will be maintained for two years following the date on which the credit services organization ceases to conduct business in this state. Nonprofit credit counseling services. Buyer has the right to hire a non-profit

credit counseling service. The California Department of Consumer Affairs sponsors a non-profit consumer credit counseling service with offices throughout the State of California. To learn more about this service and to find offices near you, visit the Department's website at www.dca.ca.gov.

CONSUMER CREDIT FILE RIGHTS UNDER STATE AND FEDERAL LAW

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any credit repair company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years. You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud. You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations. You have the right to cancel your contract with any credit repair organization for any reason within three business days from the date you signed it. Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur. You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau. If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you. The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact: The Public Reference Branch Federal Trade Commission Washington, D.C. 20580 -----

NOTICE OF CANCELLATION

Lexington Law California, a d/b/a of Adam C. Fullman, attorney at law allows you to cancel the Agreement at any time without penalty or future obligation and federal law requires that you be given two Notices of Cancellation: -----

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time before midnight of 04/07/2009. If you cancel, any payment made by you under this contract must be returned within 15 days following receipt by the seller of your cancellation notice. To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to Lexington Law California, 11580 Trask Avenue, Garden Grove, California 92843, not later than midnight 04/07/2009. As of the date below, I hereby cancel my current Retainer Agreement and Power of Attorney with Lexington Law Firm California. _____ (date) _____ (purchaser's signature)

You may also cancel this contract by sending an email to adam@lexlawca.com telling us that you wish to cancel your services as of the date of the email. -----

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time before midnight of 04/07/2009. If you cancel, any payment made by you under this contract must be returned within 15 days following receipt by the seller of your cancellation notice. To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to Lexington Law California, 11580 Trask Avenue, Garden Grove, California 92843, not later than midnight 04/07/2009. As of the date below, I hereby cancel my current Retainer Agreement and Power of Attorney with Lexington Law Firm California. _____ (date) _____ (purchaser's signature)

You may also cancel this contract by sending an email to adam@lexlawca.com telling us that you wish to cancel your services as of the date of the email. -----

LEXINGTON LAW CA- CONCORD RETAINER DEFINITIONS Challenging = The Firm challenges the items that you identify as being inaccurate, technically accurate but misleading, incomplete, outdated or unverifiable. To do this, it drafts letters on your behalf and in your name that are then mailed to the credit bureaus. The

credit bureaus are required by law to delete or correct listings that are found to be inaccurate, misleading or unverifiable. You help advance your case by sending the Firm new legible copies of your credit reports at least every 90 days whether or not the bureaus have sent you updated copies, and by promptly forwarding copies of all correspondence from the bureaus and others. Inaccurate, Incomplete, Technically Accurate but Misleading, Outdated, Unverifiable = The Fair Credit Reporting Act and the California Consumer Credit Reporting Agencies Act require that any listing which is inaccurate, unverifiable, incomplete, outdated or technically accurate but misleading be removed from or corrected on your credit report. In order for the Firm to proceed with your case you must identify the items you believe should be challenged on this basis. You must do this by using the Firm's Dispute Valet service that you will have access to after signing up. Send Letters = Pursuant to the Limited Power of Attorney, the Firm drafts letters on your behalf and in your name in a manner which the Firm believes will achieve the most effective results. These letters are then mailed to the credit bureaus and/or your creditors (as described below under "Goodwill Requests"). Rather than sending all the letters at one time, the Firm sends these letters at appropriate intervals in order to avoid having the bureaus arbitrarily deem the challenges as frivolous. Dispute Letters = When creating dispute letters for the credit bureaus or your creditors (credit agencies), Lexington Law will draft letters on your behalf and in your name that will then be mailed to them. Your relationship with your Lexington attorneys will often not be disclosed to the credit agencies during normal dispute activities. This is because challenges sent on the letterhead of your lawyer are often disregarded by the credit agencies. Therefore, the most common and effective method of contacting the credit agencies will be to draft a letter (based on your directions) in your name, on your behalf and signed on your behalf by Lexington. Goodwill Requests = The Firm will contact furnishers, that is, your creditors, directly on your behalf and in your name only where accounts have been settled, paid late, or where the accounts have both a low balance and have been placed for collection or charged off. These interventions have a relatively low risk of negative creditor response, and do not involve contesting or disputing facts with creditors. Such communications may request detailed accounting history that supports the present consumer file notations. Furnishers = The Fair Credit Reporting Act uses the term 'furnishers' to describe those groups and individuals who provide information about a consumer's credit history to the credit bureaus. While the words are not interchangeable, when you see the word 'furnisher' think of the term 'creditor'. Cannot Guarantee = By law, the Firm cannot guarantee any specific outcome for using its services. Because each case has so many factors, making such a guarantee would be improper and misleading. Nobody can honestly guarantee that they control the credit bureaus' or other furnishers' response to a letter. Predict, More Or Less = You are retaining the Firm to perform legal services on your behalf. You are not purchasing a specific result. These services begin the moment you complete the Dispute Valet process. Some clients are satisfied with the results of these services after six months, and some clients are satisfied with the results after twelve or more months. You may cancel the Agreement at anytime. Refund Policy = There is no obligation to retain the Firm's services for a fixed time, and you may terminate this agreement at any time. However, if you renew this Agreement after six months and remain a client for 12 consecutive months, and if you fulfill your obligations as a client for those 12 months, you may be eligible for a refund of some or all of the fees you have paid for the full 12 months. If after 12 consecutive months there are negative items remaining on your credit reports and you question the success of the Firm's services, you can request a case evaluation. You must send the Firm current legible copies of your credit reports. The Firm will calculate the total value of all deleted and/or improved items and compare that amount to the fees you have paid. If what you paid exceeds the value of deleted or corrected items, the Firm will promptly reimburse you the difference. To determine the total value of the services for this purpose the Firm counts the number of identified items that are deleted from or corrected on your credit report and multiplies that number by \$100 per item. This does not mean that the Firm will charge \$100 in addition to our regular fees. Rather, the Firm uses the value of \$100 per deleted or corrected item to determine whether you are eligible to claim the benefits of the refund policy. Dispute Valet = As a client, you will forward legible copies of your up-to-date credit reports to the Firm at least every ninety days. Upon receiving your report the Firm enters the information into its database. Dispute Valet enables you to access those reports online and to specify the items you want the Firm to challenge as inaccurate, misleading or unverifiable. It also gives you the option of choosing a particular challenge method for items on your report. Pay The Firm = In compliance with federal and California law, the Firm charges for services that have already been performed. Within the first five to fifteen days after you provide your electronic signature to the Agreement, the Firm will perform your initial case setup. Your first payment covers the work performed in that initial period. Thereafter you will make regular monthly payments to pay for services performed the

previous month. You will not be charged until after the file setup work or monthly work has been performed. The Amount Of Work Required For Your Case Will Vary Over Time. We often perform more work than the fee covers. However, you will not be charged for the additional work. Your monthly retainer fee is fixed. Here for illustrative purposes only, is a description of the typical minimum work performed in the first two weeks and the typical minimum work performed in a month. Before your first payment, the Firm will perform all intake work including but not limited to: welcome/orientation communication via email and phone, client data input and verification, payment arrangement setup and case assignment. While the sum of these activities may exceed \$99.00 worth of work (if billed by the hour) the Firm does not charge the higher amount. Each month thereafter that your case remains open, the Firm will continue to work on your case. If you are faithful about sending in legible copies of your credit reports and correspondence, we will be creating and mailing letters on your behalf. In other months while we are waiting for a response from the bureaus or furnishers, at a minimum, we will maintain and review your case. To minimize accounting and collection costs, all payments must be made via a direct bank draft or credit card draft. If a payment is dishonored by your bank or credit card company, the Firm will redraft the payment automatically about 48 hours after the first draft. If that payment does not clear, the Firm will contact you to make arrangements for payment. Each dishonored payment will result in a \$19.95 fee. Mail = Your credit reports will be some of the most important correspondence you will receive from the credit bureaus. Typically, when the Firm mails a challenge to the credit bureaus on your behalf, the result will be a new credit report within about 45 days. This report will be sent to your home address and should show the results of the challenges made on your behalf. You will be the first to see any deletions or improvements after our challenges. Occasionally, the credit bureaus may fail to conduct an investigation, or may fail to send a credit report at the completion of an investigation. More often, the client may put the credit report away and forget to forward legible copies of the report to the Firm. In these cases, the work on the case will slowdown. To prevent the slowdown of your case, you must make sure that a credit report from each one of the credit bureaus arrives at your home address at least every ninety days. If it has been longer than ninety days since your last credit report, please call your paralegal for assistance. Forward = You should receive a variety of correspondence from the credit bureaus and furnishers of credit information during your retainer of the Firm. It is important that you promptly send each piece to the Firm. Generally, the reason for slow progress on client casework is for lack of credit reports and correspondence from the bureaus and furnishers. To protect your privacy and to keep the Firm's monthly fee low, all credit reports, correspondence and other documents you send will be shredded within a short period of time following their receipt. Therefore, you should keep the originals and send only legible copies of your credit reports, correspondence and other documents.??Remember, you may cause delays in your case unless you forward legible copies of each item of correspondence or each credit report as you receive it. Also, please send your credit bureau correspondence to the Firm ONLY THROUGH THE U.S. MAIL. Since credit reports are often double-sided and difficult to read, this is the only reliable way to receive and use them. The Firm will not be responsible for delays caused by transmitting your credit bureau correspondence to the Firm through any means except that of the U.S. MAIL. Discuss The Case = The California Rules of Professional Conduct prohibit lawyers from disclosing a client's confidential information without express permission from the client. When you become a client of the Firm, you provide that express permission only with regard to your spouse. This allows us to better serve you by speaking with your spouse about your case or receiving updated information from your spouse. You may revoke permission for us to speak with your spouse at any time by notifying us in writing or by email that you wish to revoke permission. We will not discuss your case with anyone else unless you provide express permission to do so in writing. To be clear, "discussing your case" with someone other than you does not mean "taking direction" from someone other than you. In no instance will the Firm take direction from anyone other than you. Also by becoming a client of the Firm you expressly waive any actual or potential conflict of interest that currently exists, or that may arise, between you and your spouse regarding the Firm's work on your behalf. ReportWatch = The Firm provides comparative analysis between various credit bureau reports which clients provide. Whenever we detect a substantial change to a credit report which may positively or negatively impact your credit score, a ReportWatch alert may be emailed directly to you. ReportWatch is provided as part of the Firm's Concord Premier level of service and is not a real-time credit monitoring program. InquiryAssist = This benefit provides Firm-prepared letters which may be printed, signed, and mailed by clients, at their discretion, in order to address questionable credit report inquiries. Such letters are provided electronically for Concord Premier clients and are accessed on the Lexington Law Firm client website. Credit score improvement analysis = The Firm will provide clients with individualized credit report analyses monthly

when clients have sent us updated credit reports. Such analyses may include individualized tips for accelerated score improvement. These multi-page online reports, available on the client website, may focus upon individual borrowing and repayment patterns, debt utilization ratios, mix of credit types, credit age, and the presence of credit report inquiries. The Firm makes no representation regarding any specific outcome or results, including any improvement or worsening of a credit score. Personal credit score = The credit score is a rating system, developed by third-party companies, designed to represent a consumer's repayment risk for potential creditors. Factors comprising such scores may include length of credit history, number of open accounts, the presence of installment loans, revolving accounts, public records, and other data. Credit scores are based solely upon information found in a consumer's credit report. Lexington Law Firm does not provide credit scores. AIG Identity Theft Insurance coverage = The AIG Identity Theft Insurance benefits are provided by a member company of AIG Inc., and administered by IT Risk Products, Inc. Questions regarding eligibility, coverage, or claims must be addressed directly to AIG at 1-866-IDHelp2 (1-866-434-3572). To make an insurance claim made under this program you must contact AIG. Lexington Law Firm is not in the business of providing or administering insurance, and does not provide or administer any insurance policies, programs or coverage. Lexington only pays the premiums, on behalf of its clients who choose to obtain the AIG Identity Theft benefits through the master policy owner, IT Risk Products, Inc. Lexington Law firm does not represent, warrant or endorse the accuracy, quality, sufficiency or reliability of the insurance benefits provided by AIG or IT Risk Products, Inc. The AIG Identity Theft Insurance coverage is offered to all Lexington Law Firm clients, regardless of their selected service level. However, to obtain this coverage, you must first, agree to the terms of the insurance policy and click on the box acknowledging the policy. Coverage is not available to residents of New York and may not be available in all of the remaining states or territories of the United States. Entire Agreement = The Agreement, including the definitions, constitutes the entire agreement between you and the Firm and supersedes any other agreements or understandings, written or oral, between you and the Firm. The Agreement may only be modified in writing. The provisions of the Agreement, shall, where possible, be interpreted in a manner to sustain their legality and enforceability. Any such provision of the Agreement not enforceable shall not affect the remaining terms or provisions of the Agreement. If the Firm declines to enforce any breach of the Agreement, it will not be deemed to have waived its right to enforce any further breach. Bond = The buyer may proceed against the Firm's \$100,000 bond filed with the California Secretary of State's office in favor of the State of California for the benefit of any person who is damaged by any violation by Firm of California's Credit Services Organization Statute, Cal Civ. Code ?? 1789.10 to .28. Any person claiming against the bond for a violation of this title may maintain an action at law against the Firm and against the bond. The bond is Bond No. 04BSBES2865 and the surety is Hartford Fire Insurance Company, PO Box 958461, Lake Mary, Florida 32795. Pursuant to California law, the surety is liable only for actual damages and not the punitive damages permitted under Cal. Civ. Code ? 1789.21. The aggregate liability of the surety to all persons damaged by a credit services organization's violation of this title shall in no event exceed the amount of the bond. The bond will be maintained for two years following the date on which the credit services organization ceases to conduct business in this state. **SUMMARY DESCRIPTION OF BENEFITS FOR THE PERSONAL INTERNET & IDENTITY INSURANCE** This Summary is provided to inform those customers of certain programs of the Personal Protection Plan 25, about insurance benefits under a policy of Personal Internet and Identity Theft [?] insurance owned by IT Risk Products, Inc. and as is identified below (the "Policy"). This Summary Description of Benefits does not state all the terms, conditions, and exclusions of the Policy. The payment of benefits will be subject to all of the terms, conditions, and exclusions of the Policy, even if they are not mentioned in this Summary. A complete copy of the Policy will be provided upon request. The Policy has been issued to: IT Risk Products, Inc. (the "Policyholder") Policy Number: 916267 underwritten by: American International Specialty Lines Insurance Company, a member of American International Group, Inc. (the "Company") to provide insurance benefits as described in this Summary. **When Coverage Begins and Ends** You are covered for covered events only which occur while the Policy is in effect and while you are a customer of a program of the Policyholder which is insured under the Policy. The Policy is in effect during the policy period. The Policy shall terminate at the end of the policy period unless it is renewed. If the Policy is terminated, the insurance will cease effective that date, without notice. The Policy automatically terminates, without notice, in the event of the insolvency or bankruptcy of the Policyholder or in the event of non-payment of premium. It is the obligation of the Policyholder to inform you of any termination of the policy. **Limits of Insurance and Deductible Per Insured Coverage** A Limit for any one loss: \$25,000; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$25,000 per policy period Lost wages limit: \$500 per week, for a maximum of 4

weeks Coverage B Limit for any one loss: \$0; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$0 per policy period Coverage C Limit for any one loss: \$0; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$0 per policy period **General Information** Should you have any questions regarding the program provided by the Policyholder, or wish to view a complete copy of the Policy, please email info@myIDsite.com-----**FILING A CLAIM** If you think you have been the victim of a covered event, please call 1-866-434-3572 for assistance. To file a claim contact: 1-866-434-3572 and provide the following information: Name of Policyholder: IT Risk Products, Inc. Policy Number: 916267 Program Name: myIDsite® The Policy provides benefits to you only if you report to us as soon as you become aware of a covered event, but in no event later than 6 months after the occurrence and you follow the Instructions given to you in a claims kit that you will be provided. These instructions may include notifying major credit reporting agencies and appropriate law enforcement authorities. This claims kit will also instruct you how to file a claim under the Policy if the covered event results in covered losses under the Policy.-----
 -----COVERED EVENTS (1) **COVERAGE A - STOLEN IDENTITY EVENT** We shall pay the Insured for loss, less any applicable deductible, resulting from a stolen identity event including a stolen identity event occurring on or arising out of the use of the Internet. The stolen identity event must occur during the policy period and be reported within 6 months of the occurrence. (2) **COVERAGE B ? DIRECT PHYSICAL DAMAGE COVERAGE** We shall pay the Insured for loss, less any applicable deductible, resulting from direct physical damage to the Insured's computer hardware. The direct physical damage must occur during the policy period and be reported within 6 months of the occurrence. (3) **COVERAGE C ? COMPUTER VIRUS COVERAGE** We shall pay the Insured for loss, less any applicable deductible, resulting from a computer virus. The receipt of the computer virus must occur during the policy period and be reported within 6 months of the occurrence.
COVERED LOSSES

1. Coverage A ? Stolen Identity Event We shall pay you for the following:

a. Costs

- i. Reasonable and necessary costs incurred by you** in for re-filing applications for loans, grants or other credit instruments that are rejected solely because the lender received from any source incorrect information as a result of the stolen identity event;
- ii. Reasonable and necessary costs incurred by you** for commissioning affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report a stolen identity event and/or amend or rectify records as to your true name or identity as a result of a stolen identity event;
- iii. Reasonable and necessary costs incurred by the Insured** of four credit reports from nationally recognized credit reporting agencies (with no more than two reports from any one credit reporting agency) dated within 12 months after your knowledge or discovery of a stolen identity event.

b. Lost Wages Actual lost wages earned , whether partial or whole days, for time taken off work and away from your work premises solely as a result of your efforts to amend or rectify records as to your true name or identity as a result of a stolen identity event. Actual lost wages includes remuneration for vacation days, discretionary days, floating holidays, and paid personal days but not for sick days or any cost arising from time taken from self-employment. Coverage is limited to wages lost within 12 months after discovery of the stolen identity event and is limited to the lost wages limit set out in the Policy and this Summary.

c. Legal defense fees and expenses Costs for reasonable fees for legal counsel appointed by us and related court fees, incurred by you with our consent, for:

- i. Any suit brought against you by a creditor or collection agency or entity acting on behalf of a creditor for nonpayment of goods or services or default on a loan as a result of the stolen identity event; and**
- ii. Removing any civil judgment wrongfully entered**

against you as a result of the stolen identity event.

2. **Coverage B ? Direct Physical Damage** Losses incurred resulting from direct physical damage to the Insured's computer hardware. Losses will be limited to payment of the actual cash value, at the time of the loss, of the Insured's computer hardware or the amount required for the repair, whichever is less. You must take reasonable steps to reduce the risk of direct physical damage to computer hardware to be covered.
3. **Coverage C - Computer Virus** Losses incurred arising out of a computer virus. Loss will be limited to actual cash value, at the time of the loss, of the Insured's computer hardware or the amount required for repair, whichever is less; or the actual cash value at the time of the loss of the computer program or the amount required for replacement, whichever is less. You must install and maintain anti-virus software, from a recognized provider, on your computer hardware to be covered.
4. **DEFINITIONS**
 - a. "STOLEN IDENTITY EVENT" means the theft, unauthorized or illegal use of your personal name, Social Security Number (SSN) or other method of identifying you. Stolen identity event does not include the theft or unauthorized or illegal use of your business name or any other method of identifying your business activity.
 - b. "INSURED" means the natural person on record with the Policyholder as being enrolled in an insured program and who is enrolled in such a program of the Policyholder at the time of a covered event.
 - c. "PROGRAM" means a program sponsored by the Policyholder and that is specifically named within an endorsement attached to the Policy.
 - d. "POLICY PERIOD" means the period described under the section in this Summary called "When Coverage Begins and Ends."
 - e. "COMPUTER HARDWARE" means central processing unit and related peripheral equipment that the Insured owns or leases, including, but not limited to: CRT screens, disc drives, CD-ROM drives, DVD drives, zip-drives, optical drives, printers, modems, discs, tapes, and wires.
 - f. "COMPUTER PROGRAM" means software, shareware, and firmware used in association with computer hardware.
 - g. "COMPUTER VIRUS" means unknown receipt of any corrupting or harmful program or code that results in the destruction, permanent disruption, or loss of use of computer hardware.
 - h. "PHYSICAL DAMAGE" means physical injury to tangible property. It does not include theft or mysterious disappearance.
 - i. "COVERED EVENT" means stolen identity event, or direct physical damage to the Insured's computer hardware, or damage arising out of a computer virus.

COVERAGE SCOPE The Policy provides benefits to you only if you report to us as soon as you become aware of a covered event, but in no event later than six months after the occurrence and you follow the instructions given to you in a claims kit that you will be provided. These instructions may include notifying major credit reporting agencies and appropriate law enforcement authorities. This claims kit will also instruct you how to file a claim under the Policy if the covered event results in covered losses under the Policy. You will only be covered if a stolen identity event first occurs while you are a customer of the Policyholder's insured program and the event is reported to us within 6 months. You will not be covered if the stolen identity event first occurs before you are covered under the Policy, after termination of the Policy or when you are not a customer of the Policyholder's insured program.

LIMITS OF INSURANCE The most we shall pay you are the limits of insurance set out in the Policy and this Summary. All legal defense fees and expenses are deducted from the aggregate limits of insurance.

LEGAL DEFENSE FEES AND EXPENSES ARE PART OF, AND NOT IN ADDITION TO, THE LIMIT OF INSURANCE. The lost wages limit set out in the Policy and this Summary is a sublimit of the aggregate limit of insurance and is the most we shall pay you for lost wages.

DEDUCTIBLE The Company shall be liable only for the amount by which each loss exceeds the applicable deductible amount. The deductible applies to each and every loss and shall have no aggregate limit.

1. You shall be responsible for the applicable deductible amount in the Policy and shown in this Summary

and you may not insure against it. 2. You shall be responsible for only one deductible per coverage during any one policy period. **EXCLUSIONS** For a complete description of the exclusions, please request a copy of the Policy. The Policy does not cover losses arising directly or indirectly from dishonest acts of the insured, a covered event perpetrated by an insured's family member, bodily injury to an insured, war or terrorism, and claims not reported within 6 months of a covered event. For Coverage A, the Policy does not cover losses arising directly or indirectly from pollution, sick days, or any costs arising from time taken from self-employment. For Coverage C, the Policy does not cover losses arising directly or indirectly from nuclear reaction, electromagnetic field, additional damages, insured's legal actions, or entrustment. **OTHER INSURANCE** We shall be excess over any other insurance, including, without limitation, homeowner's or renter's insurance. If you have other insurance that applies to a loss under the Policy, the other insurance shall pay first. The Policy applies to the amount of loss that is in excess of the limit of insurance of your other insurance and the total of all your deductibles and self-insured amounts under all such other insurance. In no event shall we pay more than our limits of insurance set out in the Policy and this Summary. **DUPLICATE COVERAGES** Should you be enrolled in more than one program insured by us, or any of our affiliates, we will reimburse you under each such program: 1) subject to the applicable deductibles and limits of insurance of each insured program 2) but in no event shall the total amount reimbursed to you under all such programs exceed the actual amount of loss. **FALSE INFORMATION:** Any person who, knowingly and with intent to defraud any insurance company or other person, files a notice of potential loss under the aforementioned policy number containing any false information, or conceals for the purpose of misleading, information concerning any fact thereto commits an act of fraud, which is a criminal act under many state laws.

----- Thank you, Adam
Fullman Lexington Law Firm - California adam@lexlawca.com

Client ID #04845

[Update Contact Info](#) [My Case](#) [Free Credit Report](#) [Contact Us](#)

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SECURITY NOTICE: This communication (including any accompanying document(s)) is for the sole use of the intended recipient and may contain confidential information. Unauthorized use, distribution, disclosure or any action taken or omitted to be taken in reliance on this communication is prohibited, and may be unlawful. If you are not the intended recipient, please notify the sender by telephone and destroy all electronic and hard copies of this facsimile. By inadvertent disclosure of this communication, Lexington Law Firm - California does not waive confidentiality privilege with respect hereto.

EXHIBIT C

Subject: Current Retainer

[Email not displaying correctly? View it in your web browser.](#)

Lexington Law Firm - California, your trusted leader in credit report repair.

Additional Services

[Identity Protect](#)

Additional Information

[Upload your reports](#)

[Case Valet](#)

[Protecting your identity](#)

Dear Mary,

While working on the client website an e-mail containing incorrect information was sent to you. We apologize for any inconvenience, and would ask that you disregard the email in question. We have attached a copy of your current retainer for reference. Please know that your case is progressing forward.

Sincerely,

Lexington Law Firm - California

LEXINGTON LAW CA - LEXINGTON RETAINER AGREEMENT AND LIMITED DESIGNATION OF AGENCY Lexington Law Firm California a d/b/a of Adam C. Fullman, Attorney at Law, ("Firm"), will use federal law in the attempt to correct errors and other misleading information found in your credit reports through its Case Valet service. Under its expanded services, when the Firm deems it advisable, it will send non-dispute goodwill interventions or account information requests to furnishers of information ("furnishers") to your credit file. In addition, under its Concord Premier level of service the Firm will provide certain credit score improvement analyses in an attempt to educate and assist a client regarding personal credit score improvement. When the Firm receives legible copies of credit reports from you, it will draft, sign, and send letters to the three major credit bureaus, or to the furnishers, on your behalf and in your name. The expanded services interventions do not involve contesting facts. This Agreement does not include litigation services. The Firm cannot guarantee a specific outcome or accurately predict how long the process will take. This process may take more or less than twelve months, but you may cancel this Agreement at any time. The Firm does not charge you in advance for any legal services. It charges you only after the initial setup, and the work from each month, have been performed. Non-Profit Credit Counseling Services. Buyer has the right to hire a non-profit credit counseling service. The California Department of Consumer Affairs sponsors a non-profit consumer credit counseling service with offices throughout the State of California. To learn more about this service and to find offices near you, visit the Department's website at www.dca.ca.gov. You may cancel the Agreement by telephone within five days of signing up at no charge and at any time after that. The Firm does not charge you in advance for any legal services. It charges you the setup/first work fee only after that work has been accomplished. It then charges you for each month's work only after that work has been performed. In consideration of the Firm's legal services and low monthly fee, you agree: A. To use the Firm and its online Case Valet service to notify the Firm of facts and claims related to your case. B. To pay the Firm the setup/first work fee of \$99.95 within five (5) to fifteen (15) days,

and \$79.95 each subsequent month for work performed the previous month. (You pay only the fixed monthly fee identified in this agreement even though our attorneys' and paralegals' standard billing rates range from \$50 to \$250 per hour.) You grant the Firm permission to (i) withdraw the earned funds from your credit card or bank account unless you terminate this Agreement and (ii) verify your account information. You will be charged a fee (i) if your payment for Lexington Law Firm services is not honored upon first presentment by the Firm to your credit card company or bank and (ii) if you change your billing date. Information about the terms and amount of the late fee, which is currently set at \$19.95, is located at www.lexingtonlaw.com/late-fee. The fees noted here may change over time, but you will not be charged the increased fee(s) until sixty (60) days after Lexington has sent to your then-current e-mail address a notice of the increase. Should you decide that you no longer wish to receive the Firm's legal services, you may cancel this Retainer Agreement by telephone. C. The Firm's services are provided on a month-to-month basis. You are charged only for services rendered during the previous month. You understand and agree that you are billed by the Firm for services rendered on your behalf, not for a specific case outcome. D. To allow the Firm to receive and review credit reports furnished by third parties and to mail legible copies of your credit reports to the Firm at least every ninety (90) days, promptly forward to us copies of all correspondence that you receive from the credit bureaus, furnishers or others as the result of the Firm's efforts on your behalf, and promptly inform the Firm of any change of address. E. To only communicate with the credit bureaus through the Firm's written correspondence. F. That you intentionally sought out the Firm, which is based in the State of California, to perform the legal services identified here, and that the services may be performed by any attorney or other law firm associated with the Firm or legal assistant working under the supervision of an attorney associated with the Firm. G. That you authorize the Firm to discuss your case with your spouse, if you have a spouse. Setup/First Work Fee. Six days after signing this Retainer Agreement and prior to payment of the \$99.95 setup/first work fee, you will receive an e-mail granting you access to Lexington's extensive library of educational materials and resources on credit management and credit repair issues. The Firm's service is backed by a refund policy. If we fail to provide the agreed-upon services to you (as outlined by your selected service level) for any given month, you will not be billed for that month, or will be refunded your fees for that month if your payment has already been processed. The Agreement is deemed to have been executed and performed exclusively in the State of California. California law governs the application and enforcement of the Agreement. Six (6) Month Contract Term. As required by California statute, this Agreement will expire under its own terms in six (6) months. Prior to the expiration of this Agreement, you may renew this Agreement after it expires but you are under no obligation to renew this Agreement. Business address and Agent for Service of Process. The Firm's business address is Lexington Law Firm California, a d/b/a of Adam C. Fullman, attorney at law, 11580 Trask Avenue, Garden Grove, California 92843. The Firm's agent for service of process is Adam C. Fullman, who can be served at the above address. If you would like further definition of the terms in this Agreement, please ask your paralegal or refer to the Firm's website. _____

ELECTRONIC SIGNATURE, LIMITED DESIGNATION OF AGENCY
This is a Limited Designation of Agency, granting permission to the Firm to do business with you electronically and to sign letters on your behalf and in your name. You may cancel your permission and close your case at any time, by contacting the Firm. Please print a copy of this Agreement for your records. _____ RIGHT OF CANCELLATION You, the buyer, may cancel this contract at any time prior to midnight of the 5th day after the date of the transaction. See the Notice of Cancellation at the end of this document. _____

INFORMATION STATEMENT Although you have the right to

discharge the Firm at any time, if you remain a client for the six month term of this agreement, the monthly payments at the end of six months will total \$579.65. CONSUMER CREDIT FILE RIGHTS UNDER CALIFORNIA LAW You have a right to obtain a copy of your credit file from a consumer credit reporting agency. You may be charged a reasonable fee not exceeding eight dollars (\$8). There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The consumer credit reporting agency must provide someone to help you interpret the information in your credit file. You have a right to dispute inaccurate information by contacting the consumer credit reporting agency directly. However, neither you nor any credit repair company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit report. Under the Federal Fair Credit Reporting Act, the consumer credit reporting agency must remove accurate, negative information from your credit only if it is over seven years old. Bankruptcy information can be reported for 10 years. If you have notified a credit reporting agency in writing that you dispute the accuracy of information in your credit file, the consumer credit reporting agency must then reinvestigate and modify or remove inaccurate information. The consumer credit reporting agency may not charge a fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the consumer credit reporting agency. If reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the consumer credit reporting agency to keep in your file, explaining why you think the record is inaccurate. The consumer credit reporting agency must include your statement about disputed information in any report it issues about you. You have a right to cancel the contract for any reason within five working days from the date you signed it. If for any reason you do cancel the contract during this time, you do not owe any money. You have a right to sue a credit services organization if it misleads you. Bond. The buyer may proceed against the Firm's \$100,000 bond filed with the California Secretary of State's office in favor of the State of California for the benefit of any person who is damaged by any violation by Firm of California's Credit Services Organization Statute, Cal Civ. Code ?? 1789.10 to .26. Any person claiming against the bond for a violation of this title may maintain an action at law against the Firm and against the bond. The bond is Bond No. 04BSBES2865 and the surety is Hartford Fire Insurance Company, PO Box 958461, Lake Mary, Florida 32795. Pursuant to California law, the surety is liable only for actual damages and not the punitive damages permitted under Cal. Civ. Code ? 1789.21. The aggregate liability of the surety to all persons damaged by a credit services organization's violation of this title shall in no event exceed the amount of the bond. The bond will be maintained for two years following the date on which the credit services organization ceases to conduct business in this state. Nonprofit credit counseling services. Buyer has the right to hire a non-profit credit counseling service. The California Department of Consumer Affairs sponsors a non-profit consumer credit counseling service with offices throughout the State of California. To learn more about this service and to find offices near you, visit the Department's website at www.dca.ca.gov. CONSUMER CREDIT FILE RIGHTS UNDER STATE AND FEDERAL LAW You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any credit repair company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years. You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must

provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud. You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations. You have the right to cancel your contract with any credit repair organization for any reason within three business days from the date you signed it. Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur. You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau. If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you. The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact: The Public Reference Branch Federal Trade Commission Washington, D.C. 20580

NOTICE OF CANCELLATION Lexington Law California, a d/b/a of Adam C. Fullman, attorney at law allows you to cancel the Agreement at any time without penalty or future obligation and federal law requires that you be given two Notices of Cancellation:

NOTICE OF CANCELLATION You may cancel this contract, without any penalty or obligation, at any time before midnight of 04/09/2009. If you cancel, any payment made by you under this contract must be returned within 15 days following receipt by the seller of your cancellation notice. To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to Lexington Law California, 11580 Trask Avenue, Garden Grove, California 92843, not later than midnight 04/09/2009. As of the date below, I hereby cancel my current Retainer Agreement and Power of Attorney with Lexington Law Firm California.

_____(date)_____(purchaser's signature)
You may also cancel this contract by sending an email to adam@lexlawca.com telling us that you wish to cancel your services as of the date of the email. _____

NOTICE OF CANCELLATION You may cancel this contract, without any penalty or obligation, at any time before midnight of 04/09/2009. If you cancel, any payment made by you under this contract must be returned within 15 days following receipt by the seller of your cancellation notice. To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to Lexington Law California, 11580 Trask Avenue, Garden Grove, California 92843, not later than midnight 04/09/2009. As of the date below, I hereby cancel my current Retainer Agreement and Power of Attorney with Lexington Law Firm California.

_____(date)_____(purchaser's signature)
You may also cancel this contract by sending an email to adam@lexlawca.com telling us that you wish to cancel your services as of the date of the email. _____

LEXINGTON LAW CA-CONCORD RETAINER DEFINITIONS Challenging = The Firm challenges the items that you identify as being inaccurate, technically accurate but misleading, incomplete, outdated or unverifiable. To do this, it drafts letters on your behalf and in your name that are then mailed to the credit bureaus. The credit bureaus are required by law to delete or correct listings that are found to be inaccurate, misleading or unverifiable. You help advance your case by

sending the Firm new legible copies of your credit reports at least every 90 days whether or not the bureaus have sent you updated copies, and by promptly forwarding copies of all correspondence from the bureaus and others. Inaccurate, Incomplete, Technically Accurate but Misleading, Outdated, Unverifiable = The Fair Credit Reporting Act and the California Consumer Credit Reporting Agencies Act require that any listing which is inaccurate, unverifiable, incomplete, outdated or technically accurate but misleading be removed from or corrected on your credit report. In order for the Firm to proceed with your case you must identify the items you believe should be challenged on this basis. You must do this by using the Firm's Dispute Valet service that you will have access to after signing up. Send Letters = Pursuant to the Limited Power of Attorney, the Firm drafts letters on your behalf and in your name in a manner which the Firm believes will achieve the most effective results. These letters are then mailed to the credit bureaus and/or your creditors (as described below under "Goodwill Requests"). Rather than sending all the letters at one time, the Firm sends these letters at appropriate intervals in order to avoid having the bureaus arbitrarily deem the challenges as frivolous. Dispute Letters = When creating dispute letters for the credit bureaus or your creditors (credit agencies), Lexington Law will draft letters on your behalf and in your name that will then be mailed to them. Your relationship with your Lexington attorneys will often not be disclosed to the credit agencies during normal dispute activities. This is because challenges sent on the letterhead of your lawyer are often disregarded by the credit agencies. Therefore, the most common and effective method of contacting the credit agencies will be to draft a letter (based on your directions) in your name, on your behalf and signed on your behalf by Lexington. Goodwill Requests = The Firm will contact furnishers, that is, your creditors, directly on your behalf and in your name only where accounts have been settled, paid late, or where the accounts have both a low balance and have been placed for collection or charged off. These interventions have a relatively low risk of negative creditor response, and do not involve contesting or disputing facts with creditors. Such communications may request detailed accounting history that supports the present consumer file notations. Furnishers = The Fair Credit Reporting Act uses the term 'furnishers' to describe those groups and individuals who provide information about a consumer's credit history to the credit bureaus. While the words are not interchangeable, when you see the word 'furnisher' think of the term 'creditor'. Cannot Guarantee = By law, the Firm cannot guarantee any specific outcome for using its services. Because each case has so many factors, making such a guarantee would be improper and misleading. Nobody can honestly guarantee that they control the credit bureaus' or other furnishers' response to a letter. Predict, More Or Less = You are retaining the Firm to perform legal services on your behalf. You are not purchasing a specific result. These services begin the moment you complete the Dispute Valet process. Some clients are satisfied with the results of these services after six months, and some clients are satisfied with the results after twelve or more months. You may cancel the Agreement at anytime. Refund Policy = There is no obligation to retain the Firm's services for a fixed time, and you may terminate this agreement at any time. However, if you renew this Agreement after six months and remain a client for 12 consecutive months, and if you fulfill your obligations as a client for those 12 months, you may be eligible for a refund of some or all of the fees you have paid for the full 12 months. If after 12 consecutive months there are negative items remaining on your credit reports and you question the success of the Firm's services, you can request a case evaluation. You must send the Firm current legible copies of your credit reports. The Firm will calculate the total value of all deleted and/or improved items and compare that amount to the fees you have paid. If what you paid exceeds the value of deleted or corrected items, the Firm will promptly reimburse you the difference. To determine the total value of the services for this purpose the Firm counts the number of identified items that are deleted from or corrected on your credit report and

multiplies that number by \$100 per item. This does not mean that the Firm will charge \$100 in addition to our regular fees. Rather, the Firm uses the value of \$100 per deleted or corrected item to determine whether you are eligible to claim the benefits of the refund policy.

Dispute Valet = As a client, you will forward legible copies of your up-to-date credit reports to the Firm at least every ninety days. Upon receiving your report the Firm enters the information into its database. Dispute Valet enables you to access those reports online and to specify the items you want the Firm to challenge as inaccurate, misleading or unverifiable. It also gives you the option of choosing a particular challenge method for items on your report. **Pay The Firm =** In compliance with federal and California law, the Firm charges for services that have already been performed. Within the first five to fifteen days after you provide your electronic signature to the Agreement, the Firm will perform your initial case setup. Your first payment covers the work performed in that initial period. Thereafter you will make regular monthly payments to pay for services performed the previous month. You will not be charged until after the file setup work or monthly work has been performed. **The Amount Of Work Required For Your Case Will Vary Over Time.** We often perform more work than the fee covers. However, you will not be charged for the additional work. Your monthly retainer fee is fixed. Here for illustrative purposes only, is a description of the typical minimum work performed in the first two weeks and the typical minimum work performed in a month. Before your first payment, the Firm will perform all intake work including but not limited to: welcome/orientation communication via email and phone, client data input and verification, payment arrangement setup and case assignment. While the sum of these activities may exceed \$99.00 worth of work (if billed by the hour) the Firm does not charge the higher amount. Each month thereafter that your case remains open, the Firm will continue to work on your case. If you are faithful about sending in legible copies of your credit reports and correspondence, we will be creating and mailing letters on your behalf. In other months while we are waiting for a response from the bureaus or furnishers, at a minimum, we will maintain and review your case. To minimize accounting and collection costs, all payments must be made via a direct bank draft or credit card draft. If a payment is dishonored by your bank or credit card company, the Firm will redraft the payment automatically about 48 hours after the first draft. If that payment does not clear, the Firm will contact you to make arrangements for payment. Each dishonored payment will result in a \$19.95 fee. **Mail =** Your credit reports will be some of the most important correspondence you will receive from the credit bureaus. Typically, when the Firm mails a challenge to the credit bureaus on your behalf, the result will be a new credit report within about 45 days. This report will be sent to your home address and should show the results of the challenges made on your behalf. You will be the first to see any deletions or improvements after our challenges. Occasionally, the credit bureaus may fail to conduct an investigation, or may fail to send a credit report at the completion of an investigation. More often, the client may put the credit report away and forget to forward legible copies of the report to the Firm. In these cases, the work on the case will slowdown. To prevent the slowdown of your case, you must make sure that a credit report from each one of the credit bureaus arrives at your home address at least every ninety days. If it has been longer than ninety days since your last credit report, please call your paralegal for assistance. **Forward =** You should receive a variety of correspondence from the credit bureaus and furnishers of credit information during your retainer of the Firm. It is important that you promptly send each piece to the Firm. Generally, the reason for slow progress on client casework is for lack of credit reports and correspondence from the bureaus and furnishers. To protect your privacy and to keep the Firm's monthly fee low, all credit reports, correspondence and other documents you send will be shredded within a short period of time following their receipt. Therefore, you should keep the originals and send only legible copies of your credit

reports, correspondence and other documents.??Remember, you may cause delays in your case unless you forward legible copies of each item of correspondence or each credit report as you receive it. Also, please send your credit bureau correspondence to the Firm ONLY THROUGH THE U.S. MAIL. Since credit reports are often double-sided and difficult to read, this is the only reliable way to receive and use them. The Firm will not be responsible for delays caused by transmitting your credit bureau correspondence to the Firm through any means except that of the U.S. MAIL. Discuss The Case = The California Rules of Professional Conduct prohibit lawyers from disclosing a client's confidential information without express permission from the client. When you become a client of the Firm, you provide that express permission only with regard to your spouse. This allows us to better serve you by speaking with your spouse about your case or receiving updated information from your spouse. You may revoke permission for us to speak with your spouse at any time by notifying us in writing or by email that you wish to revoke permission. We will not discuss your case with anyone else unless you provide express permission to do so in writing. To be clear, "discussing your case" with someone other than you does not mean "taking direction" from someone other than you. In no instance will the Firm take direction from anyone other than you. Also by becoming a client of the Firm you expressly waive any actual or potential conflict of interest that currently exists, or that may arise, between you and your spouse regarding the Firm's work on your behalf. ReportWatch = The Firm provides comparative analysis between various credit bureau reports which clients provide. Whenever we detect a substantial change to a credit report which may positively or negatively impact your credit score, a ReportWatch alert may be emailed directly to you. ReportWatch is provided as part of the Firm's Concord Premier level of service and is not a real-time credit monitoring program. InquiryAssist = This benefit provides Firm-prepared letters which may be printed, signed, and mailed by clients, at their discretion, in order to address questionable credit report inquiries. Such letters are provided electronically for Concord Premier clients and are accessed on the Lexington Law Firm client website. Credit score improvement analysis = The Firm will provide clients with individualized credit report analyses monthly when clients have sent us updated credit reports. Such analyses may include individualized tips for accelerated score improvement. These multi-page online reports, available on the client website, may focus upon individual borrowing and repayment patterns, debt utilization ratios, mix of credit types, credit age, and the presence of credit report inquiries. The Firm makes no representation regarding any specific outcome or results, including any improvement or worsening of a credit score. Personal credit score = The credit score is a rating system, developed by third-party companies, designed to represent a consumer's repayment risk for potential creditors. Factors comprising such scores may include length of credit history, number of open accounts, the presence of installment loans, revolving accounts, public records, and other data. Credit scores are based solely upon information found in a consumer's credit report. Lexington Law Firm does not provide credit scores. AIG Identity Theft Insurance coverage = The AIG Identity Theft Insurance benefits are provided by a member company of AIG Inc., and administered by IT Risk Products, Inc. Questions regarding eligibility, coverage, or claims must be addressed directly to AIG at 1-866-IDHelp2 (1-866-434-3572). To make an insurance claim made under this program you must contact AIG. Lexington Law Firm is not in the business of providing or administering insurance, and does not provide or administer any insurance policies, programs or coverage. Lexington only pays the premiums, on behalf of its clients who choose to obtain the AIG Identity Theft benefits through the master policy owner, IT Risk Products, Inc. Lexington Law firm does not represent, warrant or endorse the accuracy, quality, sufficiency or reliability of the insurance benefits provided by AIG or IT Risk Products, Inc. The AIG Identity Theft Insurance coverage is offered to all Lexington Law Firm clients, regardless of their selected

service level. However, to obtain this coverage, you must first, agree to the terms of the insurance policy and click on the box acknowledging the policy. Coverage is not available to residents of New York and may not be available in all of the remaining states or territories of the United States. Entire Agreement = The Agreement, including the definitions, constitutes the entire agreement between you and the Firm and supersedes any other agreements or understandings, written or oral, between you and the Firm. The Agreement may only be modified in writing. The provisions of the Agreement, shall, where possible, be interpreted in a manner to sustain their legality and enforceability. Any such provision of the Agreement not enforceable shall not affect the remaining terms or provisions of the Agreement. If the Firm declines to enforce any breach of the Agreement, it will not be deemed to have waived its right to enforce any further breach. Bond = The buyer may proceed against the Firm's \$100,000 bond filed with the California Secretary of State's office in favor of the State of California for the benefit of any person who is damaged by any violation by Firm of California's Credit Services Organization Statute, Cal Civ. Code ?? 1789.10 to .26. Any person claiming against the bond for a violation of this title may maintain an action at law against the Firm and against the bond. The bond is Bond No. 04BSBES2865 and the surety is Hartford Fire Insurance Company, PO Box 958461, Lake Mary, Florida 32795. Pursuant to California law, the surety is liable only for actual damages and not the punitive damages permitted under Cal. Civ. Code ? 1789.21. The aggregate liability of the surety to all persons damaged by a credit services organization's violation of this title shall in no event exceed the amount of the bond. The bond will be maintained for two years following the date on which the credit services organization ceases to conduct business in this state.

SUMMARY DESCRIPTION OF BENEFITS FOR THE PERSONAL INTERNET & IDENTITY INSURANCE This Summary is provided to inform those customers of certain programs of the Personal Protection Plan 25, about insurance benefits under a policy of Personal Internet and Identity Theft [?] insurance owned by IT Risk Products, Inc. and as is identified below (the "Policy"). This Summary Description of Benefits does not state all the terms, conditions, and exclusions of the Policy. The payment of benefits will be subject to all of the terms, conditions, and exclusions of the Policy, even if they are not mentioned in this Summary. A complete copy of the Policy will be provided upon request. The Policy has been issued to: IT Risk Products, Inc. (the "Policyholder") Policy Number: 916267 underwritten by: American International Specialty Lines Insurance Company, a member of American International Group, Inc. (the "Company") to provide insurance benefits as described in this Summary. **When Coverage Begins and Ends** You are covered for covered events only which occur while the Policy is in effect and while you are a customer of a program of the Policyholder which is insured under the Policy. The Policy is in effect during the policy period. The Policy shall terminate at the end of the policy period unless it is renewed. If the Policy is terminated, the insurance will cease effective that date, without notice. The Policy automatically terminates, without notice, in the event of the insolvency or bankruptcy of the Policyholder or in the event of non-payment of premium. It is the obligation of the Policyholder to inform you of any termination of the policy. **Limits of Insurance and Deductible Per Insured Coverage A** Limit for any one loss: \$25,000; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$25,000 per policy period Lost wages limit: \$500 per week, for a maximum of 4 weeks **Coverage B** Limit for any one loss: \$0; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$0 per policy period **Coverage C** Limit for any one loss: \$0; Deductible: = \$0/Nil Annual aggregate limit of insurance: \$0 per policy period **General Information** Should you have any questions regarding the program provided by the Policyholder, or wish to view a complete copy of the Policy, please email info@myIDsite.com **FILING A CLAIM** If you think you have been the victim of a covered event, please call 1-866-434-3572 for

assistance. To file a claim contact: 1-866-434-3572 and provide the following information: Name of Policyholder: IT Risk Products, Inc. Policy Number: 916267 Program Name: myIDsite® The Policy provides benefits to you only if you report to us as soon as you become aware of a covered event, but in no event later than 6 months after the occurrence and you follow the instructions given to you in a claims kit that you will be provided. These instructions may include notifying major credit reporting agencies and appropriate law enforcement authorities. This claims kit will also instruct you how to file a claim under the Policy if the covered event results in covered losses under the Policy. COVERED EVENTS (1) COVERAGE A - STOLEN IDENTITY EVENT COVERAGE We shall pay the Insured for loss, less any applicable deductible, resulting from a stolen identity event including a stolen identity event occurring on or arising out of the use of the Internet. The stolen identity event must occur during the policy period and be reported within 6 months of the occurrence. (2) COVERAGE B ? DIRECT PHYSICAL DAMAGE COVERAGE We shall pay the Insured for loss, less any applicable deductible, resulting from direct physical damage to the Insured's computer hardware. The direct physical damage must occur during the policy period and be reported within 6 months of the occurrence. (3) COVERAGE C ? COMPUTER VIRUS COVERAGE We shall pay the Insured for loss, less any applicable deductible, resulting from a computer virus. The receipt of the computer virus must occur during the policy period and be reported within 6 months of the occurrence. COVERED LOSSES

1. Coverage A ? Stolen Identity Event We shall pay you for the following:

a. Costs

- i. Reasonable and necessary costs incurred by you in for re-filing applications for loans, grants or other credit instruments that are rejected solely because the lender received from any source incorrect information as a result of the stolen identity event;
- ii. Reasonable and necessary costs incurred by you for commissioning affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report a stolen identity event and/or amend or rectify records as to your true name or identity as a result of a stolen identity event;
- iii. Reasonable and necessary costs incurred by the Insured of four credit reports from nationally recognized credit reporting agencies (with no more than two reports from any one credit reporting agency) dated within 12 months after your knowledge or discovery of a stolen identity event.

b. Lost Wages Actual lost wages earned, whether partial or whole days, for time taken off work and away from your work premises solely as a result of your efforts to amend or rectify records as to your true name or identity as a result of a stolen identity event. Actual lost wages includes remuneration for vacation days, discretionary days, floating holidays, and paid personal days but not for sick days or any cost arising from time taken from self-employment. Coverage is limited to wages lost within 12 months after discovery of the stolen identity event and is limited to the lost wages limit set out in the Policy and this Summary.

c. Legal defense fees and expenses Costs for

reasonable fees for legal counsel appointed by us and related court fees, incurred by you with our consent, for:

- i. Any suit brought against you by a creditor or collection agency or entity acting on behalf of a creditor for nonpayment of goods or services or default on a loan as a result of the stolen identity event; and
 - ii. Removing any civil judgment wrongfully entered against you as a result of the stolen identity event.
2. Coverage B ? Direct Physical Damage Losses incurred resulting from direct physical damage to the insured's computer hardware. Losses will be limited to payment of the actual cash value, at the time of the loss, of the insured's computer hardware or the amount required for the repair, whichever is less. You must take reasonable steps to reduce the risk of direct physical damage to computer hardware to be covered.
3. Coverage C - Computer Virus Losses incurred arising out of a computer virus. Loss will be limited to actual cash value, at the time of the loss, of the insured's computer hardware or the amount required for repair, whichever is less; or the actual cash value at the time of the loss of the computer program or the amount required for replacement, whichever is less. You must install and maintain anti-virus software, from a recognized provider, on your computer hardware to be covered.
4. DEFINITIONS
 - a. "STOLEN IDENTITY EVENT" means the theft, unauthorized or illegal use of your personal name, Social Security Number (SSN) or other method of identifying you. Stolen identity event does not include the theft or unauthorized or illegal use of your business name or any other method of identifying your business activity.
 - b. "INSURED" means the natural person on record with the Policyholder as being enrolled in an insured program and who is enrolled in such a program of the Policyholder at the time of a covered event.
 - c. "PROGRAM" means a program sponsored by the Policyholder and that is specifically named within an endorsement attached to the Policy.
 - d. "POLICY PERIOD" means the period described under the section in this Summary called "When Coverage Begins and Ends."
 - e. "COMPUTER HARDWARE" means central processing unit and related peripheral equipment that the insured owns or leases, including, but not limited to: CRT screens, disc drives, CD-ROM drives, DVD drives, zip-drives, optical drives, printers, modems, discs, tapes, and wires.
 - f. "COMPUTER PROGRAM" means software, shareware, and firmware used in association with computer hardware.
 - g. "COMPUTER VIRUS" means unknown receipt of any corrupting or harmful program or code that results in the destruction, permanent disruption, or loss of use of computer hardware.
 - h. "PHYSICAL DAMAGE" means physical injury to tangible property. It does not include theft or mysterious disappearance.
 - i. "COVERED EVENT" means stolen identity event, or direct physical damage to the insured's computer hardware, or damage arising out of a computer

virus.

COVERAGE SCOPE The Policy provides benefits to you only if you report to us as soon as you become aware of a covered event, but in no event later than six months after the occurrence and you follow the instructions given to you in a claims kit that you will be provided. These instructions may include notifying major credit reporting agencies and appropriate law enforcement authorities. This claims kit will also instruct you how to file a claim under the Policy if the covered event results in covered losses under the Policy. You will only be covered if a stolen identity event first occurs while you are a customer of the Policyholder's Insured program and the event is reported to us within 6 months. You will not be covered if the stolen identity event first occurs before you are covered under the Policy, after termination of the Policy or when you are not a customer of the Policyholder's Insured program.

LIMITS OF INSURANCE The most we shall pay you are the limits of insurance set out in the Policy and this Summary. All legal defense fees and expenses are deducted from the aggregate limits of insurance.

LEGAL DEFENSE FEES AND EXPENSES ARE PART OF, AND NOT IN ADDITION TO, THE LIMIT OF INSURANCE. The lost wages limit set out in the Policy and this Summary is a sublimit of the aggregate limit of insurance and is the most we shall pay you for lost wages.

DEDUCTIBLE The Company shall be liable only for the amount by which each loss exceeds the applicable deductible amount. The deductible applies to each and every loss and shall have no aggregate limit.

1. You shall be responsible for the applicable deductible amount in the Policy and shown in this Summary and you may not insure against it.
2. You shall be responsible for only one deductible per coverage during any one policy period.

EXCLUSIONS For a complete description of the exclusions, please request a copy of the Policy. The Policy does not cover losses arising directly or indirectly from dishonest acts of the insured, a covered event perpetrated by an insured's family member, bodily injury to an insured, war or terrorism, and claims not reported within 6 months of a covered event. For Coverage A, the Policy does not cover losses arising directly or indirectly from pollution, sick days, or any costs arising from time taken from self-employment. For Coverage C, the Policy does not cover losses arising directly or indirectly from nuclear reaction, electromagnetic field, additional damages, insured's legal actions, or entrustment.

OTHER INSURANCE We shall be excess over any other insurance, including, without limitation, homeowner's or renter's insurance. If you have other insurance that applies to a loss under the Policy, the other insurance shall pay first. The Policy applies to the amount of loss that is in excess of the limit of insurance of your other insurance and the total of all your deductibles and self-insured amounts under all such other insurance. In no event shall we pay more than our limits of insurance set out in the Policy and this Summary.

DUPLICATE COVERAGES Should you be enrolled in more than one program insured by us, or any of our affiliates, we will reimburse you under each such program: 1) subject to the applicable deductibles and limits of insurance of each insured program 2) but in no event shall the total amount reimbursed to you under all such programs exceed the actual amount of loss.

FALSE INFORMATION: Any person who, knowingly and with intent to defraud any insurance company or other person, files a notice of potential loss under the aforementioned policy number containing any false information, or conceals for the purpose of misleading, information concerning any fact thereto commits an act of fraud, which is a criminal act under many state laws.

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